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ABSTRACT

A distillation is presented of the ideas, facts, trends, conclusions, and recommendations presented during a 2-day conference on strategies to reduce urban poverty. The meeting addressed two main approaches to reducing urban poverty: economic opportunity and human development, and the linkages between them. Urban poverty was set in the context of the country as a whole, exploring economic trends and their causes. Strategies for creating new economic opportunities in poor communities concentrate on: (1) new jobs through technology; (2) capital for small businesses; (3) bridging the gap between people and jobs; and (4) addressing housing trends. Some policies seek to reduce spatial segregation and provide social mobility. Other opportunities and services target competent human development, with attention to health and family initiatives, social support, child care, and educational improvement efforts (e.g., the Success for All program). A number of federal initiatives, including empowering zone residents to work, were outlined. Some specific recommendations were developed to combat the ever-growing disparity in income distribution and the resultant two-tiered society. Two appendixes present President Clinton's message to the conference and the conference agenda. (Contains 30 references.) (SLD)

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STRATEGIES TO REDUCE URBAN POVERTY: INTEGRATING HUMAN DEVELOPMENT AND ECONOMIC OPPORTUNITY

By Susan V. Smith

Report of a Conference Convened by
Carnegie Corporation of New York
Held at Carnegie Conference Center, Washington, D.C.
November 22-23, 1993

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From time to time Carnegie Corporation supports meetings on issues of importance that may or may not be closely related to its grant programs. Occasionally, reports of these meetings merit public dissemination.

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PREFACE

No problem in the contemporary United States is more vivid and poignant than urban poverty. Yet the subject has not been high on the national agenda for decades. The escalation of violence in cities across the country in the 1990s has provided a warning signal: this grave structural problem of the American economy carries with it dangerous social costs.

The nation's prodigious capacities for technical innovation and social organization could be mobilized to diminish impoverishment in the next decades. There needs to be better provision for adequate health, especially the formation of healthy lifestyles in childhood and adolescence; education for crucial skills, including not only cognitive and technical skills but interpersonal and organizational skills; the support of family, friends, and community in taking advantage of opportunities; and a structure of opportunity in a hopeful society, protected by law in an open economy.

Carnegie Corporation has been working on the problem of urban poverty primarily from the viewpoint of human development — the need to strengthen motivation, knowledge, skills, and freedom to take advantage of economic opportunities when they arise. Other foundations, particularly Ford and Rockefeller, have been tackling this problem also, especially from the standpoint of finding ways to enhance economic opportunity.

The combination of these two approaches is of considerable interest to the National Economic Council, which is shaping new initiatives in this vital field. Therefore, Carnegie Corporation, in cooperation with the National Economic Council, organized a conference in November 1993 to bring together independent experts on these matters with their counterparts in the executive branch of the United States government.

This meeting had several aims: 1) to bring together people who have in-depth knowledge and experience in the major facets of the problem of urban poverty; 2) to bring together governmental and nongovernmental experts for mutual benefit in order to delineate what is worth doing and what is the role for the U.S. government; 3) to formulate strategies for linking the economic opportunity approach with the human development approach; and 4) to consider ways of overcoming the national tendency to avoid dealing with such distressing problems.

The meeting brought together a wealth of information and ideas in an efficient way. The essence of this unusual occasion is conveyed in this cogent report, prepared by Susan V. Smith. The entire event owes a great deal to Robert Rubin, Assistant to the President for Economic Policy, whose vision and dedication provided a powerful stimulus to all the participants.

David A. Hamburg, President
Carnegie Corporation of New York

STRATEGIES TO REDUCE URBAN POVERTY: INTEGRATING HUMAN DEVELOPMENT AND ECONOMIC OPPORTUNITY

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By Susan V. Smith

INTRODUCTION

On November 22-23, 1993, Carnegie Corporation of New York convened a meeting in Washington, D.C., on "Strategies to Reduce Urban Poverty: Integrating Human Development and Economic Opportunity." The meeting brought together independent experts and their government counterparts to address two main approaches to reducing urban poverty — economic opportunity and human development — and the linkages between them. The discussions did not cover in depth all aspects of this very large and difficult issue. The Clinton administration's health care reform and welfare reform initiatives, for example, are being more thoroughly considered by other groups and were therefore only touched upon.

The following represents a distillation of the ideas, facts, trends, conclusions, and recommendations presented during the course of the two-day meeting and drawn from background documents.

PART I. URBAN POVERTY IN CONTEXT

Economic Trends in the United States: A Brief Historical Perspective

The United States is in the midst of a historic transition in its economy — from one based primarily on land, labor, and physical capital to one increasingly dependent on ideas, skills, and knowledge. At the turn of the century, the agricultural sector was still providing jobs for a substantial segment of the population, but the urban areas were beginning to boom with the rise of manufacturing industries. By 1926, however, the development of the mass production system and manufacturing had

largely urbanized the economy, drawing masses of workers from the countryside into the cities and into low-skilled blue-collar occupations. Manufacturing permitted great advances in productivity and led to unprecedented improvements in the standard of living.

From the late 1930s to the 1970s, the United States experienced the greatest sustained growth in prosperity in its history. Overall, it was equitably shared. A large middle class developed that included blacks and Hispanics as well as immigrants from other countries. Job opportunities were abundant, most requiring limited skills and little formal education yet offering a decent living.

Much has changed in the last two decades. Today, a mere 2 percent of the labor force is in agriculture, and low-skilled, blue-collar work accounts for just 26 percent of U.S. jobs.

Human resources remain the country's most valuable asset. Yet the labor market in many places throughout the country is not creating jobs and incomes sufficient to support the basic needs of a large proportion of the workers or to place them on a path of upward mobility.

The economic recovery of the 1980s was unusual in that, by many measures, Americans were worse off at the end of the recovery in 1989 than they were a decade earlier. The largest drop in incomes during the 1980s occurred among America's youngest families. The average income of families headed by someone under the age of 25 declined at an annual rate of 2.5 percent from 1979 to 1989; families headed by someone between the ages of 25 and 34 also fared poorly, with their incomes eroding 0.5 percent each year from 1979 to 1989. As many families in this age group are likely to be raising young children, their income problems present serious implications for the nation's children.

The slow rate of income growth in the 1980s did not affect all families equally. The incomes of the top quintile of families with children grew by 12.3 percent; families in the bottom 60 percent of the income scale experienced a decline in income. During the same period there was a significant expansion of workers earning less than poverty-level wages. In 1979, only 4.1 percent of the workforce earned wages of 25 percent or more below poverty-level wages. By 1989, 13.2 percent of the workforce earned such low wages. Altogether, these trends have resulted in a sharp rise in the income gap between high- and low-income families, reversing the entire postwar progress of lessening inequality.

When workers lose their jobs now, they may well go down one rung on the job ladder and be forced to accept lower wages. Many are working harder and earning less. Some experts speculate that real wages would have declined even more sharply, particularly for those workers at the lowest points of the income

distribution, were it not for many people working longer hours. On average, families today sell one more month of labor per year than they did in the 1960s.

One serious consequence of these trends is that the poverty rate of children has worsened. In the early 1970s, 15 percent of American children were in poverty. Today, that number is 22 percent.

Causes of Current Economic Trends

Competition from low-wage, low-skilled workers in other countries has been cited as a major cause of depressed wages in the United States. One theory contends that, in a world where everyone has access to the same technology, factor prices (such as labor) will tend to be globally equalized. Some economists are concerned that this theory is becoming a reality, with the wages of American workers more closely approximating those of workers in underdeveloped countries.

Others note that increasing income inequalities in the 1970s occurred before competition and manufacturing imports from other countries emerged as significant factors. Competition from other countries with an abundance of low-wage, low-skilled workers, they argue, contributes to American economic difficulties, as does competition from foreign-owned firms operating *within* the U.S.; but it certainly has not been all of the problem, although it will be a major influence in the future.

Technology has contributed to the structural reorganization of production, causing labor demand to shift from low-skilled to high-skilled workers (despite the fact that in some instances it can make unskilled workers more productive). The speed of diffusion of technology has increased, moreover, and is linked to the internationalization of the economy.

Other factors are the streamlining of large-scale firms, severing the strong attachments that people and communities have toward particular firms; the decreased power of unions, owing in large part to a decline in manufacturing; the erosion in the quality of education, which in turn has led to problems in the quality of human capital; and a decline in the rate of capital accumulation, both in private and public investment (public deficits have crowded out private as well as public infrastructure investments).

Underlying market forces related to products and factors of production, especially labor, are so powerful that government actions may have little effect in reversing many of these trends or helping the country adapt to them. There is less confidence that the economy can be controlled by domestic policies. For instance, in contrast to tax cuts in the 1960s, tax cuts in the 1980s did not bring on a decline in unemployment; neither did they stimulate consumption or savings.

The post-Cold War era offers new possibilities for economic growth and development, however. Nations across the globe are striving for democracy and free enterprise and a chance to compete on the international scene. This can be viewed as a major opportunity for the U.S. to reach the world's 3.5 billion consumers who could have the potential to buy American-made goods, services, information, technology, and know-how. In the near term, this is the area most likely to stimulate economic growth.

To be ready to seize such opportunities, the nation must begin to compete on productivity rather than on wages, through upgrading the education and training of people to handle skilled jobs, developing leading-edge technology, reorganizing work, and creating government policies that support these efforts. The process will be difficult, expensive, and slow.

International Comparison of Trends

Some of these trends are global — the United States has just been among the first to experience the ill effects, resulting in a slowdown in the economy and greater levels of poverty and income inequality. In Europe, many countries have responded by keeping wages high for the low-income segments of their populations and tolerating elevated levels of unemployment with generous transfer payments. The U.S. has experienced lower unemployment rates yet has a higher incidence of income inequality. Although the United States has the highest maldistribution of income among major industrialized countries, Japan, the United Kingdom, and France have also in the past decade seen an increase in income inequality.

Poverty is much more extensive in the United States than it is in Europe; among children it is twice as high. One study of poverty dynamics in eight countries examined the persistent poverty rate during the mid-1980s for families with children.[1] Rates were calculated on the basis of whether or not family income was below 50 percent of the country's median for all three years of a three-year period. This study found that, in the U.S., 9 percent of white families with children and 41 percent of black families with children were persistently poor. By contrast, the persistent poverty rate for families with children among German natives was 1 percent and among foreign residents in Germany was 4 percent; in France and The Netherlands, the poverty rate was 2 percent and 1 percent, respectively. Canada's persistent poverty rate of 12 percent for families with children came closest to the U.S. rates.

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[1]G. J. Duncan et al, "Poverty Dynamics in Eight Countries," *Journal of Population Economics* 6, (1993).

Transfer payments in other countries come in a variety of forms and packages. One of the most common is a universal child allowance, not tied to income level. Some governments provide a universal assured child-support benefit in the event an absent parent does not pay child support. In Germany and France, transfer payments can differ according to the age of the children. For example, families with children under age three receive greater benefits, as do families for one year following divorce.

Some argue that European generosity comes at a high price. There is considerably more long-term dependence on social assistance in Europe than in the U.S. In Europe, the commitment to strong social assistance programs raises employer costs; there is less flexibility in the labor markets, a higher rate of unemployment, and much slower job growth.

At present there is a tendency to assume that the recession in European countries is largely the result of equity policies. However, the evidence does not suggest that European social programs are the primary, let alone the sole, cause of the recession. Germany, for example, which is so central to the European economy, is struggling with the heavy burden of integrating East Germany into its modern economy. Despite this, Germany is continuing to pursue policies and practices that will foster a high-skill, high-wage workforce.

How does entering the workforce affect poverty rates among single-parent families that have benefited from tax reductions and transfer payments? There is a substantial difference between European countries and the United States. In Germany, the poverty rate drops from 46 to 16 percent when the single parent becomes employed. In The Netherlands, it declines from 71 to 9 percent. In the U.S., by contrast, it drops only slightly, from 58 to 54 percent. The generous transfer payment system in Europe apparently gives an extra boost towards lifting people out of poverty when they enter the workforce.

Americans and Europeans are similar in their general agreement that the government should provide support if the transfer is tied to some type of productive behavior, such as helping children from poor families go to college. However, compared to Americans, Europeans are much more in favor of the government providing everyone with a guaranteed basic income. Overall, U.S. public opinion is more negative with regard to universal transfer payments.

Economic Impact on Cities

These trends of the past twenty years have had a damaging effect on poor, urban communities, giving rise to neighborhoods in which a substantial majority of adults are unemployed or have dropped out of the labor force. William Julius Wilson, a

leading scholar in this field, has characterized these trends as a "new urban poverty."[2] Blacks have been particularly affected, for they are located disproportionately in job categories where there has been major economic restructuring. In one of a dozen largely African-American Chicago communities with poverty rates exceeding 40 percent, only one in three adults was employed in 1990. This is in sharp contrast to the citywide employment rate of 57 percent.

The poor are more concentrated in central-city areas. Between 1980 and 1990, sixteen of the largest U.S. metropolitan areas experienced a substantial increase in the central-city proportion of the poverty population. In Philadelphia, for example, 73 percent of the city's population in poverty resides in the central city, compared to 50 percent in 1960. This is most disturbing in light of the fact that more than 90 percent of all net jobs created recently in metropolitan areas, such as Chicago, Cleveland, Detroit, Newark, Los Angeles, Philadelphia, and Washington, D.C., have been established outside the central city.

To illustrate the magnitude of changes that have occurred in urban communities in the last few decades, consider the plight of three predominantly black neighborhoods on the South Side of Chicago. In the 1950s, most of the adults in these communities were employed. By 1990, the unemployment rate had soared, ranging from 60 to 75 percent. The most dramatic change has been among African-American males: 69 percent of all black males fourteen years of age and older worked in the 1950s; forty years later only 37 percent of black males sixteen years of age and older had jobs.

In response to declining economic opportunities in the 1970s and 1980s, more blacks went onto the welfare rolls, at the very time that the dollar value of welfare was declining. Despite a sharp increase in the number of low-wage, service-sector jobs in recent years, it is exceedingly difficult for young black males to get jobs. Employer surveys suggest that young black males are perceived as dangerous, lazy, and untrustworthy. Employers, black and white alike, prefer to hire women and immigrants. Although black women living in inner cities fare better than black men in the labor market, they nonetheless face barriers to employment because of their increased social isolation.

The Latino population is among the fastest growing in the U.S., and it is overwhelmingly youthful. By the year 2000, about 17 percent of the school-aged population in the U.S. will be Latino. Over 90 percent of Latinos live in urban areas, a circumstance that shapes their educational and employment opportunities.

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[2]W. J. Wilson, *Crisis and Challenge: Race, Class and Poverty in Urban America*. Forthcoming. (New York: Alfred A. Knopf, Inc.).

It is estimated that as many as 43 percent of all Latinos do not complete high school, with many youths citing financial factors as the reason for dropping out. Latinos tend to enter the workforce earlier than whites or blacks. By age eighteen, nearly 80 percent of Latinos have had some labor market experience. They tend to have high wage rates for their first jobs. However, upon beginning full-time, year-round work — an indicator of the adult labor market — wage rates of Latinos lag in comparison to those of other adult groups. This early work experience ought to be valuable, but it may be coming at the expense of the formal training and education increasingly needed for higher-wage jobs.

During the 1980s, the aggregate Latino poverty rate rose from 26 percent to 29 percent. Poverty is more pervasive among working Latinos than it is among blacks and appears to be on the rise among some Latino groups. This would suggest that the earned income tax credit may be a particularly effective antipoverty measure for Latinos.

Puerto Ricans have fared the worst. Compared to Cubans or Mexicans, they are more likely to be concentrated in the highest-poverty neighborhoods. Among Puerto Ricans, joblessness rates are very high, the number of female-headed households has increased, and about one-half of their children live in poverty.

Altogether, these trends have a direct impact on local governments as they struggle to close fiscal gaps in the face of an eroding tax base. Another effect is to increase expenditure demands on local governments. One study showed that a 1 percent increase in the poverty rate led to an average increased expenditure of 5.5 percent for police services.[3]

Poor families are where the greatest growth in the workforce will occur. Fifty percent of the workforce in this decade will be minority. By the year 2020, white Americans will be a minority in three of the country's largest states — Texas, California, and Florida. If ideas, skills, and knowledge are keys to the country's future, and if minority families are not doing well, Americans have reason to worry. The nation will be in trouble if the country does not do a better job of educating members of these groups.

Social Disorganization

There are negative consequences for families closed out of the economic and social mainstream. Many poor blacks are without sufficiently strong, enduring, and cohesive group structures, resulting from the historic disruption of the African

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[3]H. S. Ladd and J. Yinger, *America's Ailing Cities: Fiscal Health and the Design of Urban Policy*, rev. ed. (Baltimore: Johns Hopkins University Press, 1991).

culture and the imposition of the slave culture. Furthermore, community structures that existed in the early part of this century, such as a strong church, were for the most part lost during the great North-South migration from rural towns to urban areas. Beginning in the 1940s and 1950s, a sharp bifurcation emerged among blacks. When segregation policies began to erode at this time, blacks who had already become part of the economic and social mainstream were better able to take advantage of opportunities for upward mobility. Middle-class blacks began to move out of their segregated communities.

Blacks who were not linked to mainstream institutions, and lacked political power, began a course of downward mobility. This slide has continued for three generations now, resulting in maladaptation on the part of many young people and families. Those who have been excluded from the mainstream of society feel rejected, angry, alienated, and distrustful. This sets off a cycle in which people become locked into destructive social networks.

Social organization — the extent to which neighborhood residents are able to maintain effective social control and realize their common values — is reflected in informal networks and formal institutions. Two major dimensions are the strength and interdependence of social networks — and the extent of collective supervision and personal responsibility that residents assume in addressing neighborhood problems.

High rates of joblessness adversely affect social organization and trigger other problems, ranging from crime, gang violence, and drug trafficking to the destruction of family life. The relationship between joblessness and family life is important. Work is more than making a living: it constitutes a framework for daily behavior. The lack of employment diminishes concrete expectations and goals. This is reinforced when many other families in the neighborhood are without jobs. When neighborhood stores, banks, restaurants, churches, recreational facilities, and community organizations decline, community social control weakens. Communities with high jobless rates are breeding grounds for crack cocaine addiction and associated crime, AIDS, and homelessness. Problems of neighborhood instability often spill over into adjacent areas, increasing hostility and racial animosity in these neighborhoods as well.

Neighborhoods with working families stand in sharp contrast. These, too, may be plagued with poverty, yet social disorganization is less likely to be severe because most residents are employed. When more members of the community are working, there are stronger perceptions of social cohesiveness, services, and social support.

There is thus a need for social structures to connect to existing mainstream institutions and yet build on effective African American systems, such as the church. Schools are another bridge to the mainstream community.

For example, the innovative work begun in two New Haven elementary schools in 1968, in collaboration with Yale University's Child Study Center, addresses the problems of poor minority children from alienated, non-mainstream families. For these children, the contrast between the environments of home and school had a profound effect on their psychosocial development, impeding their academic achievement. The program promotes children's development and learning by building supportive bonds among students, parents, and school staff members. Key ingredients include a multifaceted governance team, a program to involve parents in the school, a mental health team, and a program of life-skills training, especially training in social skills useful for taking advantage of opportunities in the mainstream society. Taken together, the program builds respect between groups; it has helped to overcome much of the alienation and anger children feel. At the outset, students in these two schools ranked lowest in achievement among the city's thirty-three elementary schools; in the past decade they have ranked among the highest.

PART II. STRATEGIES FOR REDUCING URBAN POVERTY

CREATING NEW ECONOMIC OPPORTUNITIES IN POOR COMMUNITIES

Conference participants reached rapid consensus on the urgent need for a concerted national effort to tackle the serious economic and social problems that trouble America's cities. This effort must involve a high level of cooperation between the public and private sectors. In this framework, the participants agreed that there are many useful strategies for reducing urban poverty and its associated problems. Though not exhaustive, elements of the solution include job creation, provision of capital and opportunities for better housing, reduction of spatial segregation and enhancement of chances for mobility, and provision and integration of services that foster competent human development. Some of these approaches are outlined below.

New Jobs through Technology

During the 1980s, many states became interested in finding ways for technology to serve as an economic stimulus. Today, nearly every state has programs to invest in and create incentives for the use of technology as a way to achieve a healthy economy over the long term. Because of limited resources and the lack of capacity

at the state level to influence national and international markets, these programs are generally targeted to particular industries.

Building on Existing Strengths. Each urban area has a history and tradition in a particular industry; often people in these communities have acquired certain skills over three or four generations. Furthermore, nearly every urban area has one or more institution of higher education, although they are often disconnected from the economic life of the community. The challenge is to link economic, geographic, and institutional strengths with technological investment.

The main strategy developed in the State of Ohio in the 1980s was to build on existing strengths — economic, geographic, and institutional. Rather than retreat from manufacturing in such areas as steel, automobiles, and machine tools, the focus was on finding new and better ways to produce these goods to match global competition.

Three Models

The Edison Technology Centers, located in six different communities, networked with institutions of higher education to build on specific local industrial strengths. Rather than encourage competition, communities were often urged to design proposals that would bring together the strengths of different urban areas, allowing them to complement one another. One example was the creation of the Edison Polymer Innovation Corporation, based between Akron and Cleveland. The corporation led to the growth of a number of small- and medium-sized businesses based on specialty applications of polymers.

Sinclair Community College in Dayton addressed problems of the machine tool industry. This fragmented industry, comprising many small firms that lacked the capacity to innovate or invest in technology, research, and training, had seen several hundred of its companies close during the 1970s. In the mid-1980s, Sinclair Community College created a network of nearly two hundred machine tool firms for the purpose of tackling the range of problems facing the industry. This network has been vital in maintaining jobs and stabilizing dozens of highly skilled and competitive machine tool firms. The industry is once again strong in the Dayton area.

The American Steel and Wire Company acquired a steel mill that had closed after a series of mergers, downsizing programs, and layoffs. Through the use of creative labor-management techniques and investment in training, both supported by the state, the new venture reopened the plant. Laid-off workers most likely to make the plant work were rehired, and substantial investments were made in new technology. The plant does not provide as

many jobs as in the past, but it has been successful and illustrates the possibilities for constructive dialogue between labor and management.

Fostering New Investments. A tougher problem in creating jobs at the state level is fostering new investment and generating jobs in the future. New opportunities are less predictable than building on strength. One of the biggest challenges is developing programs that reach into poor urban communities.

One of the goals of the Ohio Seed Development Fund was to provide seed money for new and expanding minority businesses. The fund was explicit that companies standing to benefit from seed development funds should give hiring priority to people who had been laid off and who otherwise would not have access to jobs. It agreed to help these companies with training costs. Some were very successful in their hiring of these laid-off workers and those who had been on welfare.

If technological investment is to be most effective in urban areas, it must be clearly targeted, oriented toward small business since that is where most new job opportunities occur, accessible, and user-friendly; and it should have a strong training component.

Capital for Small Businesses

Poor communities have a tremendous need for financial services. Traditional banks have largely departed from these areas, leaving little in the way of mainstream banking institutions. To fill this gap, a variety of financial institutions, such as community development corporations, community development banks, loan funds, and credit unions, have emerged. There is some overlap among institutions that provide targeted community assistance to poor urban areas for community and economic development. Collectively they have provided $2 billion in loans, in part through leveraging private funds.

Community Development Corporations (CDCs). Of all these institutions, CDCs have existed the longest. Today there are about 2,000 nationwide. They are involved in community organizing and the provision of housing, health care, social services, and job training. CDCs can serve as intermediaries, functioning in ways that are often difficult for government. They receive funds from city government, foundations, and local organizations. Some particularly successful CDCs are Neighborhood Progress, Inc., in Cleveland and the New Community Corporation in Newark, New Jersey.

Community Development Banks (CDBs). Community Development Banks are few in number and, like other banks, are federally insured and regulated. In

addition to providing banking services, they are proactive in community development, providing technical assistance on business operations to their borrowers. Some of the major CDBs are the South Shore Bank in Chicago, the Community Capital Bank in Brooklyn, and the Elkhorn Bank in Arkansas.

Loan Funds and Credit Unions. Community Development Loan Funds are important in assisting in building housing and commercial development. They often provide funds for projects that would otherwise be turned down by traditional financial institutions. The rates of loan repayment failure are roughly comparable to those in other institutions, primarily because loan fund administrators are familiar with their communities, their borrowers, and the risks involved.

Microenterprise Loan Funds are also focused on community development, providing financial and technical support for small, often minority, businesses. Like other credit unions, those at the community level take in funds through the deposits of their members. They address banking and community needs.

Overall, these financial institutions are promising means of community development, but they need strengthening. The supply of board members, loan officers, and other staff with the necessary training and experience is inadequate, and there are not enough minority members in these positions.

Bridging the Gap between People and Jobs

Job Search and Placement. The meeting participants considered the challenge of connecting people who need employment with appropriate job openings. One of the most promising job search and placement programs is one-stop shopping initiatives, being implemented in a number of states, such as California. A one-stop clearinghouse would be a convenient place where anyone would have access to information on available jobs, help with job placement, and additional government and private assistance. It would be desirable to develop a universal program, rather than the current ad hoc system, to improve outreach and service integration. Through the improved use of computer technology, agencies could share data to link information in such areas as the availability of housing, jobs, and child care centers. Some such information services exist in Buffalo and Syracuse, New York.

Publicly Supported Employment. Many meeting participants recognized that, despite a wide range of economic policies and interventions, there may be insufficient growth of jobs for people with low skills. Publicly supported employment may be necessary to provide work for those with low skills and low wages, particularly in urban areas and during a transitional period. The creation of a variant of past publicly supported employment programs — such as the Civilian

Conservation Corps, Works Progress Administration, and Comprehensive Employment and Training Act (CETA) — is an option that the government should be willing to consider. It was noted that the corporate sector has traditionally been negative about publicly supported employment. However, in a few segments of the corporate world it is now considered desirable in areas such as community service.

In times past, the government addressed areas of pressing national concern through the provision of funds and publicly supported jobs. These efforts were of major significance during the Great Depression. After World War II, related programs, such as building the country's national highway system and the G.I. Bill, were great successes. Despite these accomplishments, publicly supported employment has suffered in the last couple of decades. Some of this results from the mixed success of government programs, such as CETA, leading many to view publicly supported employment with skepticism. Some of it is purely ideological, depreciating the efficacy of all government interventions.

The group discussed the desirability of linking publicly supported employment with the delivery of services both valuable and visible to the public. For instance, public support might be built for public programs that would employ people to provide such sorely needed services as day care and highway maintenance.

It was acknowledged that funds for publicly supported employment should not be freely turned over to local governments to dispense. Nevertheless, participants pointed out that some communities would have great difficulty in putting people to work in private-sector jobs. Furthermore, people will need support while they are being trained. Thus, local governments would need the flexibility of using federal funds to create public-sector jobs.

Housing Trends

Since World War II, the housing system has worked well for 75 to 85 percent of American families. Following the war, 50 percent of American families owned their homes; today that number is roughly 66 percent. Low interest rates and stable home prices in the last several years have helped many people move into home ownership. City mayors have come to view home ownership as a means of stabilizing neighborhoods and a way to increase the tax base. Indeed, home ownership and a more stable rental market are keys to the long-term well-being of cities.

Other areas of the housing market are more disheartening. In the past three years, fewer new multifamily rental units were built than at any other time since World War II. About two-and-a-half million affordable units have been lost since the mid-1970s, and they are not being replaced with new units. A great many

people lack adequate housing service as evidenced by the following statistics: more than a million people experienced homelessness sometime during 1992; more than one-and-a-half million households lived in public housing; another five million households experienced a tremendous burden of shelter costs or were in severely inadequate housing; and another four or five million households were in assisted housing.

Discrimination in Housing. Throughout the housing and housing finance system, there is a pervasive problem of discrimination. People are excluded from home ownership and from improving housing conditions by virtue of their minority status. Economic barriers, such as high down payments and closing costs, as well as a lack of credit opportunities, block many low-income people from home ownership. Surveys suggest that the desire for home ownership among minorities is very strong, yet many are alienated by the mortgage finance system. This may be particularly problematic for minority women, many of whom are single heads of households. Lack of information and unfamiliarity with the system further reduces home ownership options.

There is cause for some optimism, however. Mainstream financial institutions are gaining momentum in serving low-income communities. Twenty-one percent of American households are headed by minorities, and the mortgage industry has begun to look to these households for its future growth.

Outlook for the Future. The process of helping those people most in need will be a slow one. There is no directly powerful way to assault problems such as the supply and cost of rental housing. Low wages and high unemployment rates in urban areas have lowered the ability of many families to purchase a home or meet the cost of rent.

The quality of rental housing is in decline, although work is being done on ways to make lending for rehabilitation of rental units more effective. Assisted housing is not integrated with other important social and educational services. Homelessness will continue to be a serious and growing problem.

Immigration trends are likely to exacerbate housing difficulties in some urban areas. During the 1980s, 71 percent of the new immigrants to the United States went to eleven metropolitan areas that function as "gateway cities." The U.S. population is expected to grow by twenty-seven million people in the 1990s. Of this number, nine million will be new immigrants, mainly poorly educated and less employable, substantially aggravating the problems in these eleven cities.

Reducing Spatial Segregation and Providing Mobility

As long as urban areas suffer from extreme differentiation by class, race, and income, they will be sites of conflict and selective exclusion. Policies that seek to reduce urban poverty should carry a commitment to reducing spatial segregation. This means subsidizing people and governments, where necessary, to break down residential segregation. This can be obtained through helping inner-city families move to suburban neighborhoods and through gentrification and physical redevelopment of central-city areas to retain what is left of the middle class and help bring back those who have fled. It also means opening access to institutions that are most tied to the sorting-out process — such as school choice across district boundaries and fiscal equalization for local governments.

Finally, it means encouraging mobility so that families can more easily move up the urban opportunity ladder. This can be accomplished by eliminating programs that tie beneficiaries to poor, urban communities, improving inner-city schools and housing, and encouraging programs that enhance mobility, such as vouchers for housing and reverse commuting services. Meeting participants emphasized that home ownership increases all aspects of civic participation. Stable communities are not necessarily those where people are permanently anchored; rather they are places where change can occur in an orderly way.

A Chicago program is experimenting with neighborhood redevelopment in the central city. It is also enhancing the mobility prospects of families in public housing through the use of vouchers, housing allowances, and one-time assistance in finding affordable housing in the suburbs and central city, with the hope of improving access to decent jobs. Another strategy in Chicago helps new immigrants sink roots into the city neighborhoods as a means to stabilize the urban environment and add to the tax base.

Opportunities and Services that Foster Competent Human Development

As critical as it is to provide everyone with a structure of opportunity for decent jobs and housing, this will not be enough. It is essential to combine economic and human development strategies. People need the knowledge, skills, and health to take advantage of economic opportunities when they become available.

Family Opportunities and Responsibilities

What people experience early in life provides the basis for all the rest. The early years can build the foundation for a long, healthy life characterized by sociability and learning. Health and education are closely linked to the development of vigorous, skillful, adaptable, and productive young people. Investments in health and education can prevent much of the damage now being done to children and their families — and thereby contribute substantially to a dynamic economy and a flourishing democratic society in the next century.

Meeting participants emphasized that it will be important for health care reform to ensure the availability of preventive health care. The casualties in early life are now so heavy that they are dragging down the entire nation. The social and economic costs of severely damaging conditions that distort growth and development are terrible. Disease and disability, ignorance and incompetence, crime and violence, alienation and hatred — these conditions know no boundaries and surely cannot be effectively contained if the United States continues on its current path. The time has come to stop the enormous waste of talent and human potential.

Within the scientific and professional communities, a remarkable degree of consensus is emerging on the conditions that influence how children and adolescents develop and how parents can be helped to cope with the changing world around them. The best results come from a developmental sequence of experiences, opportunities, and interventions that provide family-equivalent functions. Such interventions give steady encouragement, stimulation, and guidance to children to pursue education and protect health. A developmental sequence of interventions starts with prenatal care and goes on to preventive pediatric care, parent education, and social supports for young families. It proceeds to high-quality child care and preschool education to a major upgrading of elementary, middle grade, and high schools in partnership with strong sectors of American society.

Such institutions as schools, churches, community organizations, the media, and the health care system have an important role to play. In the face of daunting odds, there has been an upsurge of exemplary programs achieving remarkable results in cities across the U.S. Despite their different approaches, they share a single key element: they have all found ways to compensate for a damaging social environment by providing part or all of what a vigorous, cohesive, intact family would provide.

During their years of growth and development, children need dependable attachment, protection, guidance, stimulation, nurturance, and ways of coping with adversity. Infants, in particular, need caregivers who can promote attachment and thereby form the fundamental basis for decent human relations throughout the child's life. Similarly, adolescents need to connect with people who can facilitate their momentous transition to adulthood gradually, with sensitivity and understand-

ing. Even in the inner city, such people are often within the child's immediate family; if not, they exist to some extent in the extended family. But if these caregivers cannot give a child what he or she needs to thrive, an explicit effort must be made to connect children with persons and institutions capable of promoting their healthy development.

An Exemplary Program for Families: Avance. The Avance program is a highly innovative community-based program providing parent support and education programs to low-income Mexican American families. Established in 1973, it operates two centers in San Antonio — one in a federal housing project and another in a low-income residential neighborhood. Directed from the start by a skillful, dedicated leader, it is staffed largely by former program participants, who are trained by core professionals. Parents can enroll their children up to three years of age; all families in the community are welcome; there is a systematic, door-to-door recruitment into the program by the staff.

The core component of Avance is a parent education program where parents are taught that they themselves can be educators, and they are shown concretely how to facilitate their child's own development. The Avance experience also highlights the importance of ancillary services: transportation to the center; home visits to the new parents; participation in the activities of the center; day care; pleasurable outings; graduation ceremonies as a focus for solidarity and accomplishment; employment training; family planning; and education in the use of community resources. In other words, Avance tries to offer one-stop support in which many needs can be met in one place.

Health Opportunities and Services

Prenatal care. The United States is ranked between twentieth and twenty-fifth in the world in infant mortality rates. Most of the casualties are in very poor communities and are preventable. This national failure provides a meaningful index of wider problems in child development. A 1988 study by the Institute of Medicine, National Academy of Sciences, concluded that prenatal care could contribute markedly to the reduction of infant mortality and low birthweight and, more generally, to improved child health. Yet, in spite of the fact that good prenatal care can cost less than $1,000 per family, compared to the many thousands required for intensive care for a premature or low-birthweight baby, too many expectant mothers have no access to such care, or they do not know how and where to get it. About one-quarter of all mothers get little or no prenatal care. The Special Supplemental Food Program for Women, Infants and Children has been successful in covering nearly all pregnant mothers and infants below the age of one, but there are segments of the population that are not being reached. It is a vivid example of missed opportunity and avoidable tragedy.

To prevent such damage, efforts need to be made to identify and reduce the risks to mother and child before birth occurs. Women must be given universal and equal access to high-quality prenatal care, regardless of their economic status. There must be vigorous and systematic outreach efforts to bring poor, young women into prenatal care early on.

The essential components of prenatal care must go beyond the provision of medical care to include parent education, social supports, and options for the life course, including job training and higher education. For women at highest risk — those who are poor, uneducated, or very young — the prospects for a positive change in life associated with the birth of a baby can provide the impetus for other life changes. High-quality prenatal care can prevent lifelong damage to children, and it can also become a turning point in the life of the mother. Most parents want to do well for their children. That inclination can lead to job training, formal schooling, or other education likely to improve the prospects for the mother and her new family. Enriched prenatal care can become a two-generation intervention.

Family Planning. Family planning is essential to strengthening families. Helping young people succeed academically is one of the most important pregnancy prevention modalities. There are steps that can be taken to encourage greater parental responsibility. Making family planning services available will help, but the battle to reduce adolescent pregnancy and achieve more responsible parenting will be won community by community with the support of families, community leaders, churches, and civic groups.

Social Support Opportunities and Services

All too often, adolescent parents who are socially isolated need a dependable person to provide support for their health and education through the months of pregnancy and beyond. In an intriguing innovation pioneered in South Carolina, pregnant girls are connected with "resource mothers." There are other similar programs elsewhere in the country. These resource mothers are women living in the same neighborhood as the adolescent mother. They have assimilated life experience in a constructive way, have successfully raised their own children, and have learned useful life skills most relevant for the young mother. They take a serious interest and try to convey what they have learned about the problems facing the young mother. In general, they provide sympathetic, sustained attention as well as pathways to community resources. Altogether, such programs offer considerable hope about what can be achieved with respect to poor, unmarried adolescent mothers and at-risk youth in the context of sound, supportive interventions.

Child Care Opportunities and Services

Zero-to-Three and School Readiness. If the country provided high-quality prenatal care and social supports for young mothers, it could save many thousands of babies every year. But save them for what? To accelerate them into a brick wall later? Prenatal care is just one part of the developmental sequence of interventions. Evidence is accumulating on early interventions in the first years of life that can shape a person's lifelong course in a healthy, learning, constructive way. This refers to such interventions as well-baby care emphasizing disease prevention and health promotion; parent education to strengthen competence and build close parent-child relationships; social support networks in which parents give mutual aid to foster health and education for their children and themselves; child care of high quality outside the home, especially in child development centers; and preschool education in the Head Start mode.

There are successful demonstrations of comprehensive programs for families with children aged three and under. Several research projects, such as one in Milwaukee, have worked with very high-risk parents and children and found that children can enter school in good shape, regardless of their family background, if the parents and children receive intensive supportive interventions.[4]

Preschool Education and Head Start. There is growing research evidence that high-quality child care and early childhood education programs, such as Head Start, do prepare young children, especially those from disadvantaged backgrounds, to enter kindergarten and first grade ready to learn. Overall, individuals who have been in high-quality early education programs have better achievement scores in elementary school, are less likely to be classified as needing special education, and have higher rates of high school completion and college attendance than have comparable students who were not in such programs. Early childhood education should be followed by interventions to ensure that students succeed in the elementary and secondary school curriculum. Considering the critical importance of this type of intervention, most meeting participants agreed that the principles of Head Start should be adapted to earlier ages and be articulated with later experiences in middle childhood to make a strong, continuous developmental course.

The Schools: Emerging Opportunities and Services

American schools were designed for an economy based on the mass production system of work. Indeed, they were consciously organized like factories. Today's

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[4]R. Marshall, *The State of Families: Vol. 3, Losing Direction: Families, Human Resource Development, and Economic Performance* (Milwaukee: Family Service America, 1991).

economy has very different needs. Schools must produce children who are problem-solving, who are critical thinkers, and who have mastery of the crucial skills of reading, writing, listening, and speaking.

Improved Practices in Education. There is a great need for improved educational practices throughout the elementary and middle grades. More is known about effective practices, such as cooperative learning, fresh approaches to mathematics, writing, science, and social studies, than is commonly supposed. Unfortunately, these practices rarely get into the hands of teachers in poor, urban areas. A central focus of state or federal intervention in schools for the urban poor should be the professional development of all school staff.

We know a great deal about how to ensure the success of nearly every child, even in the most poverty-stricken areas. The problems of education in the inner city are formidable, but they can be solved with commitment, adequate funds, and major restructuring of educational practices to ensure the success of all children. There is no silver bullet, no magical age of intervention, no one program that will do it all. New, improved standards of assessment will be helpful but by themselves are not the answer. It is necessary to think in comprehensive terms about how to get healthy, smart children full of potential through school. Schools are increasingly able to ensure that children can succeed at each developmental level, but current educational policies are not going in the right direction.

Elementary School. A major hurdle for a child in elementary school is learning to read in the first grade. Retention in the first grade is linked primarily to the inability to read. Many children fail. There is increased evidence that reading failure in the first grade is fundamentally preventable. The use of tutors, more effective reading strategies at the outset, and other kinds of preventive interventions could solve the problem. Such interventions are expensive, but they are not as costly as those to correct unchecked problems.

An Exemplary Program: Success for All

An outstanding example of the constructive role that elementary schools can play in the lives of poor children is the Success for All program. Started in Baltimore and now operating in nineteen states, this program seeks to prevent learning problems by involving parents early and consistently and by using high-quality research-based classroom instruction. It utilizes intensive and immediate interventions to address learning problems before they do lasting damage. The program includes preschool education and a full-day kindergarten, a family support team, tutoring in reading, a program facilitator, training and support for teachers, and a school advisory committee that includes parents.

An extensive, systematic evaluation of Success for All has shown that the earlier students are enrolled in the program, the more benefit they obtain. Their academic achievement is higher than that of students receiving traditional instruction. They have fewer behavior problems and better attendance records. Their parents are more likely to become seriously involved in their education. A bilingual version of this program has been successful with language-minority children. Research evidence stemming from the program has shown that children should be taught to read in their first language if at all possible.

Middle Grade School. Adolescence is a crucially formative phase of development. The profound biological upheaval of puberty coincides with drastic changes in the social environment, especially the transition from the intimacy of a primary classroom to a larger, impersonal environment. Convergent stressful experiences make this an especially difficult period for young people who lack a perception of opportunity and a basis for hope.

The early adolescent years, ages ten to fifteen, see the formation of behavior patterns in education and health that have lifelong significance. Adolescents make choices that have fateful consequences both in the short term and for the rest of their lives. Schools and related institutions must help adolescents find constructive expression for their curiosity and exploratory energy, provide them with knowledge and skills to make informed, deliberate decisions, and in other ways put in place the building blocks of a hopeful and competent future.

The recommendations of the report of the Carnegie Council on Adolescent Development, *Turning Points: Preparing American Youth for the 21st Century,* address this challenge in middle grade schools. Recognizing that schools cannot do what needs doing in the next century without a lot of cooperation from other institutions, the report makes strong recommendations for changes in the structure, teaching, and content of middle grade education, as follows:

1) Large middle grade schools should be divided into smaller communities for learning so that each student will receive sustained individual attention.

2) Middle grade schools should transmit a core of common, substantial knowledge to all students in ways that foster curiosity, problem solving, and critical thinking.

3) Middle grade schools should be organized to ensure success for all students by utilizing cooperative learning and other techniques suitable for this age group.

4) Teachers and principals, not distant administrative or political bodies, should have the major responsibility and authority to transform middle grade schools.

5) Schools should be environments for health promotion with particular emphasis on the life sciences and their applications. A strong life sciences curriculum not only is significant for health but also points the way to future employment opportunities.

6) Families should be allied with school staff through mutual respect and opportunities for joint effort.

7) Schools should be partners with various kinds of community organizations in educating young adolescents and providing them the experience of community service.

8) Teachers for the middle grades should be specifically prepared to teach young adolescents and be recognized for this accomplishment.

High School. Most of the *Turning Points* principles apply to high schools as well. As adolescents move toward high school, many curtail their options by not taking advanced courses that would ultimately enable them to enter college or achieve success in the labor market. A serious problem is the lack of connection between school and work.

School-to-Work Transition:
A Mainstream Issue

The need for a better transition from school to work is a major concern. Young people of all backgrounds who get a high school education, but do not go on to college, currently lack a clear career pathway. They often have great difficulty envisioning the connection between the present and what they might achieve in the future. One participant illustrated this point by quoting a phrase by E. F. Schumacher, saying that there is a need to "make a viable future visible in the present." This is a doubly hard task in poor neighborhoods where unemployment rates are high and there is a short supply of working people to serve as role models.

Most employers offering primary labor market jobs (jobs that pay above the minimum wage and offer benefits, security, training, and upward mobility) prefer to hire people in their mid-twenties or older who have work experience and a reliable track record. They are reluctant to make an investment in training older adolescents and young adults. This practice creates a gap between school and employment, obscuring for many young people the reasons to do well in school.

Apprenticeships. Apprenticeship programs have been very successful in Germany. In the German apprenticeship system, youths spend three or four days a week in an industry-devised, nationally approved program of occupational

instruction with an employer. The rest of the time is spent in school. Apprenticeships last for about three years and involve two-thirds of young people age sixteen to eighteen. Among the advantages of this system are that it helps focus academic learning, it provides an alternate, work-based, environment for learning, and it allows youths to acquire specific work skills and a means to help focus on the future. Since the need for specific skills can erode or change very quickly, the emphasis is on continual learning and career preparation rather than on training for one job.

The German apprenticeship system is a socialization process as much as it is a training program. It allows participants to spend most of their day in an adult environment, benefitting from mentoring opportunities and learning such work-readiness behaviors as getting to work on time and valuing the quality of their work.

Cooperative Education. Apprenticeships were the main focus of discussion, yet participants did note the need to consider the successes of other school-to-work transition programs. Internships could be extended to many young people in high school and middle school. Private businesses and industries as well as public institutions could offer internships. Community service could be stressed, through work in schools and hospitals, for example. Another work-study scheme, cooperative education, has a better foothold in American high schools than apprenticeship programs. Approximately 600,000 high school students, nearly 10 percent of all students who are enrolled in vocational programs, participate in cooperative education.

Cooperative education differs from apprenticeship in that it is more school based than industry based. Its training usually ends with high school, its workstations are designed to be training stations rather than permanent jobs, and it is best established in a set of occupations different from traditional apprenticeships — primarily retail and clerical work. Cooperative education at the postsecondary level has grown significantly over the past two decades, especially among community colleges. There would appear to be great potential to link cooperative education at the secondary level and the postsecondary level in order to offer more advanced training. However, at the present time collaboration between two levels of cooperative education is uncommon.

Evaluations of cooperative education programs have yielded mixed results and non-comparable findings. There are methodological flaws in the evaluations as well. A key problem with cooperative education is the great variation in quality from program to program. One solution is to tie the program to a certification scheme such as that used in German apprenticeships in which the skills and knowledge of the program's graduates are tested in performance, written, and oral tests appropriate to the occupation.

Career Academies. A promising approach, the career academy, seeks to improve the linkages between school and work. Under one basic academy model, students at the end of ninth grade are invited to volunteer for a program based on a school-within-a-school format, with a separate team of teachers for a portion of their instruction. The resulting cadre of students and teachers remain together for three years. In the tenth grade, students catch up on academics and computers, and field trips are integrated into the curriculum. In grade eleven, each student has a mentor from industry who introduces the student to his or her workplace and joins the student for recreation activities at least once a month. By the end of the eleventh grade, the student obtains a summer job with one of the business partners. Students who stay with the program are guaranteed a job upon graduation from high school.

The academies have worked well because the students have a context for their learning and have "found a home" in the small academies of about one hundred students or fewer. Evaluations to date indicate the academies do help to reduce dropout rates. Plans are under way for a systematic evaluation by the Manpower Demonstration Research Corporation.

By 1991, at least twelve school districts in California had launched academies. Variations of the academy idea have also emerged from industry. The first Academy of Finance was created in New York City. In Phoenix, the American Express Corporation developed a Finance Academy. These academies have been replicated in other cities in collaboration with other financial service firms. American Express has also begun an academy in tourism and has established a foundation to promote the academy model generally.

The career academy model offers several advantages over the traditional methods of organizing high school vocational education. First, clustering vocational education by industry rather than by occupation facilitates industry involvement while leaving open a wide array of occupations to which students can aspire. Second, partnership academies are less likely to become stigmatized than vocational educational programs organized along occupational lines. An academy in the health professions, for example, includes students who aspire to be physicians as well as those who wish to become nurses' aides. Finally, career academies reach at-risk youths earlier and more effectively than do other approaches alone. Identifying and beginning work with students as early as the ninth grade may prevent some at-risk youths from dropping out. Use of the small-group, school-within-a-school, format provides a more personal setting for learning. All of these features make the partnership academy an attractive component of a school-to-work initiative.

Tech Prep. Another model, the "tech prep" program, provides an alternative to the "college prep" curriculum. The goal is to prepare youths for technical careers by linking high school and community college curricula into a coherent,

unduplicated set of courses. Formerly called the "2 + 2 program," it combines the last two years of high school with two years of community college. Tech prep requires formal agreements between secondary and postsecondary partners for integrating or articulating high school and postsecondary curricula. It is intended to provide students with more advanced skills within the traditional time period than is possible with separate high school and community college programs. The programs are flexible: they can include components for work-site training and work experience and can even be combined with two-year apprenticeships.

The Carl D. Perkins Vocational and Applied Technology Education Act of 1990 authorized $125 million annually for planning and demonstration grants to consortia of local education agencies and postsecondary institutions to formulate a three-year plan for the development and implementation of tech prep programs.

Although tech prep programs certainly foster better linkages between secondary and postsecondary institutions, their effectiveness in improving school-to-work transitions is not yet proven. Judgment is likely to rest on the degree to which programs involve meaningful participation by industry, develop work-based learning that integrates school and employment, and integrate academic and applied learning in new ways that engage students and bring life to the instructional process.

National Youth Service. The implementation of an effective National Youth Service could help improve the transitions from high school to work and to college or postsecondary training. National Youth Service obviates the need to find employers for all youths in need of work and opens up many more options. Such a program could offer special advantages if participants could gain financial assistance for college or postsecondary training along the lines of the G.I. Bill. In addition, National Youth Service volunteers could be used to strengthen schools and second-chance learning systems. Service to others can build unity among youths from diverse backgrounds while offering valuable learning experiences for the volunteers.

School-to-Work Options for the U.S. The best parts of apprenticeship systems from Germany, Denmark, and Switzerland have been successfully adapted for use in the U.S. Beginning in 1991, demonstration youth apprenticeship programs began in many locations, including Arkansas, Pennsylvania, Boston, Tulsa, and Broome County, New York. Overall, the results are positive. Youths acquire a renewed sense of commitment to their schoolwork; teachers and parents report positive changes; and the adults who work with them are revitalized in their own work.

The challenge will be in scaling up and engaging employers to invest in young workers. Standards will be an essential part of such a program, so that rather than emphasizing *where* one learns, the focus will be on demonstrating *what* one has learned. The successful implementation of school-to-work programs will require

joint efforts among employers, schools, and the government. In addition to supporting national apprenticeship programs, European governments function as one of the employers training apprentices. Governmental bodies in this country will have to follow a similar course of providing publicly supported employment to young people to ensure the success of a national school-to-work program.

Among the special problems facing urban areas is the inadequate preparation of many young people for employment. Jobs in financial services, health care, transportation, hospitality, and retail are generally the most viable enterprises in cities. School-to-work programs in urban areas should concentrate on these industries.

It should be noted that school-to-work programs in the U.S. have not generally taken on the more difficult cases. In creating a national system available to all young people, it would be possible to help those in greatest need by providing appropriate supplemental supports. In Germany, not all apprenticeships are created equal. Some are more prestigious than others. Nevertheless, the system provides an attractive, viable option and a means to a decent income for everyone, including those with physical disabilities and those who have not been highly successful in school.

Integrating Services

A frequent theme at the meeting was the need to coordinate and integrate federal, state, and local services. Departments at the federal level are willing to work together to further a common objective. The Department of Health and Human Services and the Department of Education, for example, have been working together to address the recommendations of some experts that children in Head Start benefit from interventions through the early grades. But federal bureaucratic impediments make it difficult for people at the state and local level to combine programs in new ways. Moreover, even when people recognize the need to develop strategies that link economic and human development, the work of economic and human development institutions is rarely connected or coordinated.

A wide range of community institutions — community action agencies; community development corporations; family, social service, and Head Start agencies; community health centers; welfare and child protection offices; and mainstream institutions such as schools and child care centers — should be brought together. Community groups need to use information technology in comprehensive programs to help tackle many of the problems people face in urban settings, such as mapping the location of jobs in relation to where people live. The Atlanta

Project, The Austin Project, and the Enterprise Foundation in Baltimore, Maryland, are examples of innovative comprehensive community development programs.

Another need is to provide continuity of service to a mobile population. In some neighborhoods, one in five households moves each year, and the likelihood that families will connect with the same institutions is low.

Broadening the Scope of Established Institutions

Community Health Centers. In many distressed communities, community health centers are focal points. They are an obvious locus for the provision of services to families. They have solid credibility and strong links within the community. If their missions can be broadened to provide services and activities for families and children, in addition to health care, these health centers can play more important roles in communities. An alternative for those centers lacking the capacity or willingness to become full service would be for them to become part of a network that provides information about services in the community.

Head Start Centers. Another key group of institutions serving families and children in distressed communities is Head Start centers. They could function as community institutions with a strong outreach component to provide social support services, parent education, and job training. This idea holds promise, since new federal initiatives will increase the flexibility of Head Start centers to provide full-day and full-year programs and supplement their current programs with family outreach. Nevertheless, many centers, particularly those in large metropolitan areas, need to strengthen their primary function — providing early childhood education for disadvantaged children — before taking on additional responsibilities to families and communities.

Welfare Offices. The welfare office has the potential to become part of the solution rather than part of problem. As envisioned in welfare reform proposals, local welfare offices would be places that are oriented towards helping families take the steps necessary to become economically self-sufficient.

Child Welfare and Protection Systems. In many communities and for many families and children, the child welfare and child protection systems have failed. The federal family preservation and family support initiative will provide an impetus for the child welfare system to go beyond the investigative mode toward prevention and service provision.

Schools. The strongest mainstream institution in the community is the school. After every other institution has abandoned poor communities, schools remain. Schools must be empowered to deal with such matters as homeless students,

attendance and behavior problems, and the health care needs of students. The school is the logical place for these interventions. It has strong legitimacy in the community and could follow through to ensure the success of its interventions. Schools will need more staff to be able to solve these problems.

A major theme of the meeting was the desirability of creating schools capable of carrying out these broadened community functions. There was strong consensus on the need for developing full-service, community schools. These schools could offer a wide range of services to the community, such as health services, preschool programs, day care, recreation, mental health counseling, food and nutrition programs, medical referrals, tutorial assistance, leadership development training, drug and teen pregnancy prevention counseling, sports and fitness programs, day camping programs, visual and performing arts, emergency assistance for homeless families, and adult education specifically tailored to residents' needs (English-as-a-second language training, parent education, immigrant rights, and tenant rights). Ideally, community schools would offer these services twelve months a year, six days a week, from 7:00 A.M. to 9:00 P.M.

CURRENT POLICY INITIATIVES

Deficits and Funding Constraints

The federal deficit, spending caps, reallocation of existing funds, and possibilities for generating new revenues were discussed. Remarks centered mainly on the deficit, with participants expressing serious reservations about the move throughout the country, and in Congress, for further deficit reductions. Current budget caps have already put tight constraints on federal domestic expenditures. Additional reductions would make it impossible to bring to pass many of the programs discussed at the meeting. Funds for new and existing programs could be jeopardized, causing many to be severely reduced or eliminated. If children's initiatives are to receive adequate funding, for example, spending in other areas will have to be reduced.

Reduced government expenditures could, furthermore, create macroeconomic problems. Hard choices will have to be made. Meeting participants agreed that, overall, the administration's initiatives are going in the right direction, but they expressed concern that many programs and services do not have sufficient funding to have the desired effect.

Public Attitudes

Related to strong public pressure for further deficit reductions is public skepticism about government's ability to deliver programs and services effectively. Exacerbating this difficulty is a general belief that nothing can be done to improve the circumstances of poor, urban communities. A number of social programs have been very successful in the past two decades, such as Head Start and Job Corps, but their accomplishments have been poorly communicated to the public. Despite the lack of public will to solve problems of urban poverty, meeting participants underscored the need to be ready when a change in public attitudes takes place. Perhaps this is starting to happen.

Education Initiatives at the Federal Level

Three main pieces of legislation will stimulate states to create structures reinforcing bottom-up reform. These are the Goals 2000: Educate America Act; the reauthorization of the Elementary and Secondary Education Act; and the National School-to-Work Initiative.

Goals 2000: Educate America Act. This education bill will provide $12 million over three years. States will be encouraged to create standards-driven education reform holding all children to the same standards. The Success for All and other programs across the country demonstrate that children in poor rural or urban areas can learn more if they have a stimulating curriculum and well-trained teachers. There has been a great increase in the knowledge base in the last decade or so. The challenge will be to build the structures, incentives, and resources to carry out the best educational practices.

The goals of the Educate America Act are to create and stimulate a clear set of content standards, curriculum development at the local level, assessment instruments that reinforce and measure the content standards, and professional development of teachers.

Elementary and Secondary Education Act (ESEA). Reauthorization of the ESEA will provide $10 billion. The major component of the act, Title I, targets schools with high rates of children in poverty. The Title I system will reinforce reforms going on throughout the states.

A fundamental resource for schools in poor communities is teachers. In addition to having content and performance standards and assessments, there must be a system of opportunity for teachers to learn the standards. Strong pre-service and in-service professional development programs will go beyond the current system

of professional development to help teachers in urban areas. Schools will be held accountable for bringing their students up to the same statewide standards.

Every Title I school with more than 50 percent of the student population in poverty will be asked to ensure that every child has at least two health screenings during the elementary years. The first would take place when the child enters school and the second when the child is in the third or fourth grade. Funds will be provided to make schools safe and drug free. Schools must become places where people are respectful of each other.

To achieve schoolwide change, meeting participants recommended that Title I focus on prevention, early intervention, professional staff development, and supportive services so that children can succeed in all aspects of their lives. Special education programs and Title I should be integrated so that Title I resources can provide alternatives for children with learning disabilities and prevent many from going into special education.

The National School-to-Work Initiative. The federal departments of Labor and of Education will work in partnership with industry and local governments to promote work-based learning, which combines academic and vocational education with work experience and ensures that high school students have access to good-quality, work-based education. The school-to-work legislation identifies three essential ingredients: school-based learning, work-based learning linked to industry standards, and connections between the two. One hundred million dollars is called for in fiscal year 1994; $300 million in fiscal year 1995; and $500 million in fiscal year 1996.

State planning grants will be given in the first year, then states will compete on the criteria of how well their programs serve young people and build linkages with the private sector. There will be an emphasis on waivers to facilitate cooperation with other sectors to help leverage existing resources. In an effort to bring about change, but not make a permanent contribution, the federal government will provide venture capital for five years before phasing out its role.

To ensure the inclusion of at-risk students, 10 percent of the funds are earmarked for areas of high-poverty concentration. In addition, one criterion for receiving a federal grant is the extent to which the program will reach out to all young people, including those in poverty.

Meeting participants had a positive response to the overall school-to-work transition plan but expressed deep concerns over the inadequacy of current funding for this important initiative. In light of the promise that school-to-work programs hold for improving the nation's economic performance, the group had reservations about the federal government's plan to provide funding for five years and then

phase out government activity in this area. Both the levels of funding and the length of time committed by the federal government are insufficient.

Similar concerns about the level of funding, $12 million over three years, were expressed for the Goals 2000: Educate America Act.

Other Initiatives at the Federal Level

The administration is working on a number of initiatives to achieve the goals of 1) finding ways for people to become economically self-sufficient through employment, and 2) empowering distressed communities to join the mainstream of the national economy. Though not labeled as urban poverty interventions, they include three main themes: investing in *all* people; investing in communities; and matching federal investments through challenge grants.

Investing in People. The Earned Income Tax Credit (EITC) will help make work pay for the working poor. By expanding and simplifying the EITC, the bill helps ensure that no family of four or fewer with a full-time worker will live below the poverty line. The credit will reach about fifteen million poor families with children and nearly five million very poor, childless workers. A number of meeting participants agreed that the EITC is a giant step toward making work pay, effectively turning workers' minimum wages into $6 an hour. They also discussed the possible advantages of converting the EITC into a wage supplement as one way of subsidizing the wages of unskilled workers.

One-stop shopping for employment assistance will create a network of convenient outlets that provide unified, simplified, and sensible access to self-help job assistance as well as a clearinghouse for additional government and private assistance.

Through counseling programs and reform of Section 8 housing regulations, the Department of Housing and Urban Development will initiate programs to encourage tenants in assisted housing to move out of areas of high-poverty concentration to communities with access to better housing, schools, and jobs.

Health care reform will help ensure that the country's workforce is healthy. It will allow people to leave one job for another and leave welfare to take a job, without fear of losing health benefits.

The welfare reform plan, with an emphasis on opportunity and responsibility, would impose a two-year limit on welfare benefits. Making work pay, collecting child support, and providing opportunities for education and training will be some

of the themes of the administration's welfare reform proposal. These components go hand in hand with the proposed two-year time limit for welfare recipients.

Investing in Communities. The regulations arising out of the Community Reinvestment Act, to take effect in January 1994, will set up a system for identifying the number of business loans that banks make to minorities and in minority communities. This disclosure requirement could have a substantial impact on improving the lending performance of commercial banks and reversing the practice of redlining.

The proposed one-stop capital shops, established by the Small Business Administration, to be located in each of the nine designated empowerment zones, will supply equity investment capital for disadvantaged and small businesses and business loans. Technical assistance and counseling will also be provided. Additionally, new regulations of the Small Business Administration will implement a preferred stock financing program that will facilitate greater equity investments by private venture capital firms in small businesses.

Federal Investments through Challenge Grants. The Community Enterprise Board (CEB) is charged with implementing the Empowerment Zone and Enterprise Communities legislation. This legislation will give distressed urban and rural communities the deregulation and flexibility needed to work with the private sector to develop comprehensive economic strategies to attract business, create jobs, reduce crime, and empower people to get ahead. A maximum of nine empowerment zones and ninety-five enterprise communities will be chosen through a competitive challenge grant process,[5] rewarding communities that submit innovative comprehensive strategic plans that involve the private sector and residents of the distressed community.

Four key principles will guide the application and selection process: economic opportunity, sustainable community development, community-based partnerships, and a strategic vision of change. Grants will be awarded on the basis of communities' innovative comprehensive proposals. These communities will receive a grant and tax incentives to attract new business to the targeted areas. Each community will receive special priority for participating in federal programs such as community development banks and community policing. The total five-year investment will be $2.5 billion for tax incentives; $1 billion for grants; several billion for home ownership lending from Fannie Mae and other institutions; and about $3 billion through priority participation in other federal initiatives.

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[5]Secretary Henry G. Cisneros of the Department of Housing and Urban Development will designate up to six urban zones and sixty-five urban communities. Secretary Mike Espy of the Department of Agriculture will designate up to three rural zones and thirty rural communities.

The challenge grant process will help the federal government's responsiveness to state governments, and it will promote linkages between the federal government and communities. The process will get the private sector in metropolitan communities involved.

Selection criteria are under consideration. Illustrative possibilities include the following:

1) *Ensuring safety and security of person and property.* Before any additional investments are made, a community must explain how the safety and security of all persons and property will be guaranteed.

2) *Building jobs and firms in the zone.* Jobs and businesses must be built within the zone if a distressed community is to contribute to growth in the local regional economy.

3) *Empowering zone residents to work.* Employers throughout the entire labor market must make their job hiring networks, formal and informal, fully available to zone residents. A lot could be learned about reducing unemployment if communities could successfully demonstrate how to end the isolation of workers in distressed communities from jobs throughout the labor market.

4) *Build on existing assets.* Each community must examine its own assets, capital and human, and develop a vision for building upon its strengths to exploit its own competitive advantage.

5) *Co-investing.* State and local levels of government, the private sector, and the community must join with the federal government in making investments.

There should be a strategic plan and a process for periodic review and mid-course correction. It will be important to learn what works and what does not, so that successes can be replicated and failures avoided in the future.

POLICY ORIENTATIONS AND RECOMMENDATIONS

The meeting's specific policy recommendations focused on the Community Enterprise Board and are salient for this administration's initiative. The group made the following key recommendations:

1) To ensure that the CEB proposal has sufficient leverage, it is important to be clear and specific about what mix of incentives, regulatory relief, and program funding priorities will be available to communities to convince both business and

community leaders of the value of the effort. Specific examples of what regulations the CEB would waive or loosen and what significant changes this might allow would contribute to overcoming skepticism. What accountability will be sought in exchange for deregulation? Consideration should be given to a business/labor advisory council to the board, both as a mechanism to obtain private-sector input and a means through which the federal government can encourage the business sector to act. The CEB package should also be attractive enough to persuade tired, and often cynical, community leaders that this is a serious, long-term effort.

2) A balanced approach will be needed. Creating jobs in or near distressed zones does not ensure that the residents of those areas will be employed. Studies of local labor markets have shown that they are more complicated than the "spatial mismatch" hypothesis would suggest. Jobs often exist in or near poor communities, but residents are not hired because of discrimination, lack of education and job skills, or a poor work ethic. Intensive efforts will be required to assist long-term welfare recipients, for example, to get and keep jobs.

3) The absence of human development components in the CEB's plans and criteria for selecting communities was viewed with concern. Enterprise zones will need serious human investments as well as economic ones. The federal government could build on the tremendous local innovations in education, health, and services for children and families that took place during the 1980s. This could be facilitated by requiring communities to include a human investment plan in the CEB proposals. The CEB could set general guidelines or goals, or it could stipulate in the Request for Proposal the need to include specific human development components, such as: a) shifting from a damage-control orientation to one of prevention; b) improving formal service systems through the co-location or coordination of services with clear performance measures; c) going beyond formal services, rebuilding informal community supports and controls through churches, youth organizations, colleges, and the use of volunteers for mentoring and other purposes; d) connecting schools to community supports and to the workplace.

4) Sustaining political support will be critical. Communities supported by the CEB must be constructed in such ways that they receive crucial local political support but are not controlled by local government bodies. Involving effective community leaders with track records of accomplishment will be essential to the long-term success of this enterprise.

5) The federal government can play a critical role in disseminating information about approaches that work. Done effectively, information dissemination makes existing investments more productive. Without significant attention to sharing information on best practices, communities frequently reinvent what has failed elsewhere. The involvement of local research universities (as opposed to colleges whose primary function is teaching) in community plans could be most helpful if

they are given responsibility for synthesizing best practice in various domains. The "information highway" could also play a role. Although foundations can contribute in various ways, relying primarily on them for information dissemination is unlikely to be successful.

6) Statutory constraints often pose greater threats to the empowerment zones than do regulatory ones. Federal department heads do not have the power to make statutory changes. Participants recommended establishing a mechanism for introducing legislation to deal with statutory problems. For example, community-based organizations, such as the Enterprise Foundation, could make suggestions to federal agencies on ways to simplify statutory problems. It might be helpful to package a set of statutory problems for department secretaries to take up with Congress.

7) A media strategy that develops coverage of some of the successes in revitalizing distressed communities will be an important ingredient in creating political will and support. The CEB would be a useful bully pulpit in this regard.

8) Urban communities did not deteriorate overnight. Turning them around will be a long-term process. In order for the CEB efforts to succeed, a long-term commitment must be recognized and built into plans. Nevertheless, short-term goals will be essential to give participants a sense of accomplishment and progress.

Additional suggestions by meeting participants included the following points:

1) Develop a set of goals that are based on a comprehensive view of community development, articulating a vision of what makes a community successful.

2) Involve members of the CEB with those who will benefit from it. This could be achieved by setting up an advisory board of state and local constituents to give the CEB a community perspective.

3) Learn lessons from pilot initiatives. It would be desirable to experiment with pilot projects to work out problems before they are subject to public scrutiny.

4) Address problems at the mid-level, such as the ways that agencies respond to customers and how to reward managers who are successful in achieving stated goals. One approach is to evaluate agency personnel in terms of the progress made by the communities they are responsible for.

5) Repair intergovernmental relations involving all levels of government. They are badly fragmented.

6) Make these efforts consonant with the current nationwide movement to reinvent the federal government to improve its productivity and capacity. This movement extends to state and local governments, where employment accounts for 13 percent of the country's total labor pool. The National Commission on State and Local Public Service, in its first report, focused on ways to achieve this goal and made the following recommendations: remove barriers to stronger government leadership; remove barriers to lean, responsive government through such methods as civil service reform; remove barriers to a high performance workforce; involve citizens; and find ways to deal with fiscal uncertainty.

7) Utilize independent experts to assist CEB members and staff who may be stretched too thinly. It would be useful to have a group of independent experts to do additional staff work, make site visits, and give input to the CEB's grant-making process.

8) Recognize that there will be failures. Some efforts will fail, yet risks can be reduced through continual assessment and mid-course correction.

9) Support the best leaders in community-based organizations and provide them with technical assistance to improve their staff and financial systems.

10) Form partnerships and academies of management to help state and local administrators of anti-poverty programs succeed.

11) Provide technical assistance. The neediest communities may be the ones least likely to submit high-quality proposals. The board should be prepared to offer technical assistance and support.

12) Learn lessons from and forge alliances with the 2,000 community coalitions that have emerged to address substance-abuse problems.

Concluding Comment

Meeting participants agreed that the ever-growing disparity in income distribution that has occurred over the past twenty to thirty years would become intolerable if it continued unabated. Indeed, a two-tiered society based on income could pose a serious threat to the stability of American democracy. No problem in contemporary America is more serious than the plight of our decaying cities. Without major, sustained, concerted efforts to address these problems, the entire society will pay a terrible price.

Innovative approaches in American cities offer multiple opportunities for providing economic opportunity and preventing educational failure, drug abuse, and violence. There are many useful, constructive interventions that could be mounted across this country. It will be equally important to integrate the two main approaches — economic opportunity and human development — to reducing urban poverty. Public employment programs will be necessary for people who cannot find jobs in the private sector. The media should increase coverage of issues of urban poverty and successful approaches to reducing urban poverty. National leadership, long-term vision of what this country really could become and sustained follow through with adequate funding are required. These, in turn, require mobilization of public opinion. Only with broad public support can the challenges of urban poverty be effectively tackled. A great national effort to bring all American groups into the mainstream of opportunities would benefit the nation as it turns the corner into a new century.

#

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APPENDIX A

THE WHITE HOUSE

WASHINGTON

September 9, 1993

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF THE TREASURY
THE ATTORNEY GENERAL
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF LABOR
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF EDUCATION
THE ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY
THE DIRECTOR OF NATIONAL DRUG CONTROL POLICY
THE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION
THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
THE CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS
THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

The Vice President and I strongly believe that the best way to serve distressed communities in urban and rural America is through a comprehensive, coordinated, and integrated approach that combines bottom-up initiatives and private sector innovations with responsive Federal-State support. Today, I direct the Federal agencies to work cooperatively to implement this approach in a way that reflects the principles of the Vice President's National Performance Review -- i.e., meeting the needs of local communities through a performance-measured, customer-driven philosophy and a cross-agency approach. I also hereby establish the President's Community Enterprise Board ("Board") to advise and assist me in coordinating across agencies the various Federal programs available (or potentially available) to distressed communities and in developing further policies related to the successful implementation of our community empowerment efforts.

The Vice President has agreed to chair this Board, and the Assistant to the President for Domestic Policy and the Assistant to the President for Economic Policy have agreed to serve as Vice-Chairs of the Board. I request the following Administration officials to serve on this Board: the Secretary of the Treasury, the Attorney General, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Education, the Administrator of the Environmental Protection Agency, the Director of National Drug Control Policy, the Administrator of the Small Business Administration, the Director of the Office of Management and Budget, and the Chair of the Council of Economic Advisers.

The first task of the Board is to assist in the successful implementation of the Administration's empowerment zone legislation, Subchapter C of Title XIII of the Omnibus Budget Reconciliation Act of 1993, Public Law 103-66, "Empowerment Zones, Enterprise Communities, and Rural Development Investment Areas." This Act authorizes the Secretaries of HUD and Agriculture to designate certain localities as empowerment zones and enterprise communities, thus enabling them to receive certain Federal funds and other benefits from the Federal Government.

Other programs, old and new, are similarly beneficial to local communities. These programs, however, form an overly complex, categorical, unworkable, and ineffective response to the needs of distressed communities. I hereby direct the Board to review these programs in order to ascertain how we can make the entire Federal effort more responsive to the needs of distressed communities. In addition, with respect to the empowerment zones and enterprise communities, I direct the Secretary of the Treasury, the Attorney General, the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Transportation, the Secretary of Education, the Administrator of the Environmental Protection Agency, the Director of National Drug Control Policy, and the Administrator of the Small Business Administration to (1) identify, within 15 days of this directive, existing programs that further the goals and objectives set forth in this memorandum and the Act and (2) make available, to the extent permitted by law, funds from those programs for use in implementing the strategic plans of the designated empowerment zones and community enterprises.

In order to advise and assist me regarding issues that relate to community development and empowerment, I request that each Board member --

(a) Provide me with recommendations, consistent with Section 13301 of the Omnibus Budget Reconciliation Act of 1993 ("OBRA" or "the Act"), on the criteria to be used for selection and designation of empowerment zones and enterprise communities, as set forth in Section 13301 of the Act;

(b) Identify additional legislative mandates that further the goals and objectives set forth in this memorandum and the Act and, where appropriate, develop for my consideration recommendations for further action;

(c) Identify legislative mandates that may be impeding State, local, and tribal governments from meeting the goals and objectives set forth in this memorandum and the Act, and, where appropriate, develop for my consideration recommendations for further action; and

(d) Consult with the Board regarding exemptions from regulatory mandates for which the member agency has jurisdiction and inform his or her decisions regarding any such exemptions with the recommendations of the Board.

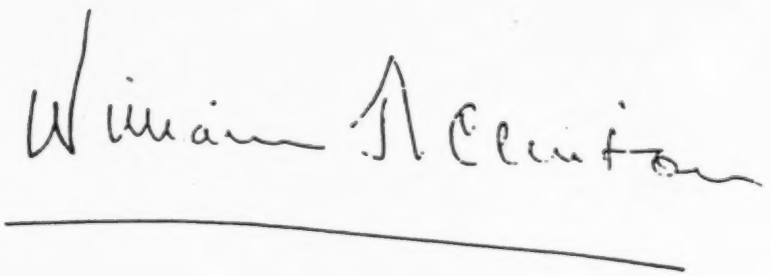
In addition, I direct each of the agencies to cooperate fully with the Chair, the Vice-Chairs, and the Secretaries of HUD and Agriculture in assisting designated zones and enterprise communities in successfully implementing their strategic plans under Section 13301 of the Act. This interagency effort shall, among other things, coordinate Federal assistance and support within each empowerment zone and enterprise community.

In order to meet the goals and objectives set forth above, I also request the Secretary of HUD and the Secretary of Agriculture to consult with the Board regarding (1) the designation, under Section 13301 of the Act, of empowerment zones and enterprise communities and (2) possible revocation of designations, as set forth in Section 13301 of the Act.

Finally, I direct the Secretaries of HUD, Agriculture, and HHS (in consultation with the Board) to take, by November 1, 1993, the appropriate regulatory measures to ensure that the use of all Title XX grants awarded under the Act meets the criteria of Section 13761 of the Act, including, specifically, that portion of Subsection C that requires, among other things, localities to use Title XX grants (1) in accordance with the strategic plans approved by the Secretaries of HUD and Agriculture,

(2) for activities that directly benefit the residents within the designated empowerment zones and enterprise communities, and (3) to promote economic independence for low-income families and individuals.

With the Board members' commitment to achieving community empowerment and to providing our local communities with a single Federal forum, we will be able to assist distressed communities and American families all across urban and rural America in obtaining economic self-sufficiency.



APPENDIX B

CARNEGIE CORPORATION
OF NEW YORK

STRATEGIES TO REDUCE URBAN POVERTY:
INTEGRATING HUMAN DEVELOPMENT
AND ECONOMIC OPPORTUNITY

November 22-23, 1993
Carnegie Conference Center
2400 N Street, N.W., Eighth Floor
Washington, D.C.

Monday, November 22

Chair: David Hamburg
President
Carnegie Corporation of New York

I. URBAN POVERTY IN CONTEXT

8:30-9:00 a.m. Continental Breakfast

9:00-9:15 a.m.

- **Goals of the Meeting**

Discussion Leader: Robert Rubin
Assistant to the President
for Economic Policy

9:15-10:45 a.m.

- **National and International Economic Trends**

(Trends in economic activity and infrastructure and their relation to employment and urban poverty; technological trends and implications for the economy and society.)

Discussion Leaders: Robert Solow
Institute Professor, Department of Economics
Massachusetts Institute of Technology

Joseph Stiglitz
Member, Council of Economic Advisors

- **Trends in Major American Cities Affecting Poverty** (Shifts in physical and economic infrastructure, demographics and family structure)

Discussion Leaders: George Peterson
Senior Fellow, Urban Institute

James Comer
Maurice Falk Professor of Child Psychiatry
Yale University Child Study Center

10:45-11:00 a.m. Break

11:00-12:00 noon

- **Lessons from Domestic and International Anti-Poverty Efforts**

Discussion Leader: Greg Duncan
Program Director
Institute for Social Research
University of Michigan

12:00-1:15 p.m. Lunch

- **Reinventing Government for Poor Families**

Speaker: Carol Rasco
Assistant to the President for Domestic Policy
The White House

II. HUMAN DEVELOPMENT STRATEGIES

1:15-1:30 p.m.

- **Overview: Critical Issues in Human Development**

Discussion Leader: David Hamburg

1:30-3:15 p.m.

- **Strengthening Young Families**

Discussion Leaders: Judith Jones
Director, National Center for Children in Poverty, Columbia University

Isabel Sawhill
Associate Director for Human Resources
Office of Management and Budget

Mary Jo Bane
Assistant Secretary for Children
and Families
United States Department of
Health and Human Services

- **Improving the Quality of Education for Poor Children**

Discussion Leaders: Robert Slavin
Director, Elementary School Program
Center for Research on Effective
Schooling for Disadvantaged Students
The Johns Hopkins University

Marshall Smith
Undersecretary of Education
U.S. Department of Education

3:15-3:30 p.m. Break

3:30-5:30 p.m.

- **Reengaging High-Risk Youth**

Discussion Leaders: Joy Dryfoos
Independent Researcher

Ronald Ferguson
Associate Professor of Public Policy
John F. Kennedy School of Government

Milton Morris
Vice President for Research
Joint Center for Political Studies

- **Fostering Readiness for the Transition to Work**

Discussion Leaders: Stephen Hamilton
Professor and Chair
Human Development and Family Studies
Cornell University

Thomas Glynn
Deputy Secretary of Labor
U.S. Department of Labor

5:30-6:30 p.m. Break

6:30-7:00 p.m. Reception, Eleanor Roosevelt Foyer

7:00-8:00 p.m. Dinner, Eleanor Roosevelt Room

ANA/Westin Hotel
2401 M Street, N.W.
Washington, D.C.

8:00-9:00 p.m. Discussion

- **The Nature and Scope of Urban Poverty**

Speaker: William Julius Wilson
Lucy Flower Professor of
Sociology and Public Policy
Department of Sociology, University of Chicago

Tuesday, November 23

Chair: Ray Marshall
Audre and Bernard Rapoport
Centennial Chair in Economics
and Public Affairs
L.B.J. School of Public Affairs
University of Texas, Austin

III. ECONOMIC DEVELOPMENT STRATEGIES

8:30-9:00 a.m. Continental Breakfast

9:00-9:30 a.m.

- **Overview of Economic Development Approaches to Community Development**

Discussion Leader: Ray Marshall

9:30-12:00 noon

- **Community Development Banks and Corporations**

Discussion Leader: Norman Glickman
Professor
Center for Urban Policy Research
Rutgers University

- **Investment in Housing**

Discussion Leader: James Johnson
Chairman and Chief Executive Officer

- **The Potential Role of Technology**

Discussion Leader: The Honorable Richard Celeste
Managing General Partner
Celeste & Sabety, Ltd.
Federal National Mortgage Association

- **Investment, Job Creation and Employment Policies of Corporations**

Discussion Leader: Sol Hurwitz
President
Committee for Economic Development

- **Role of Public Sector Employment**

Discussion Leader: Richard Nathan
Provost, Rockefeller College
State University of New York at Albany

12:00-1:00 p.m. Lunch

- **Urban Poverty in Hispanic Communities**

Speaker: Marta Tienda
Professor
Population Research Center
University of Chicago

IV. INTEGRATING ECONOMIC AND HUMAN DEVELOPMENT APPROACHES

1:00-3:15 p.m.

- **The Federal Role: Community Enterprise Boards**

Discussion Leaders: Senior Administration Officials

Panel Discussants: Patrick Costigan
Director Neighborhood Transformation
The Enterprise Foundation
Baltimore, MD

3:15-3:30 p.m. Break

3:30-5:00 p.m.

- **Creating a Long-Term Urban Strategy: Discussion**

APPENDIX C

LIST OF PARTICIPANTS

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